

Message Text

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INFO AMEMBASSY JIDDA
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E.O. 11652: N/A

TAGS: USSAEC

SUBJECT: WORLD FOOD SYSTEMS PROPOSAL IN SAUDI ARABIA

REF: A. JIDDA 8309

B. JIDDA 8315

C. STATE 291818

1. WORLD FOOD SERVICE (WFS) REPORT, WHICH WE REQUESTED TO REVIEW, ARRIVED BY AIR POUCH WITHIN MINUTES OF RECEIPT OF REFTEL. UNFORTUNATELY COPY OF REPORT WE RECEIVED DOES NOT CONTAIN PRECEPTS OR ASSUMPTIONS GIVEN TO WFS STUDY TEAM BEFORE IT DID ITS FIELD WORK IN OUR CONSULAR DISTRICT LAST SEPTEMBER. IF THOROUGHGOING DISCUSSION OF ALL ASPECTS OF REPORTE DESIRED, IT WOULD BE HELPFUL TO HAK THAT INFORMATION. WITHOUT BACKGROUND MATERIAL IT IS IMPOSSIBLE FOR US TO ANSWER QUESTION B IN REFTEL.

2. IN GENERAL, WHILE WE FIND WFS REPORT WRITTEN WITH CARE, IT SEEMS TO HAVE CRACKS IN FOLLOWING PLACES:

(A) REPORT LEAVES READER WITH IMPRESSION THAT IT DID NOT DRAW ON PRESENT EXPERIENCE OF ARAMCO, BECHTEL, LOCKHEED, AND BENDIX IN FEEDING THEIR LABOR FORCES. THEIR EXPERIENCE, WE WOULD THINK, WOULD BE INVALUABLE FOR ANYONE CONSIDERING ENTERING MARKET WITH FOOD SERVICE PROPOSAL. ALSO, HAS WFS ADEQUATELY CONSIDERED PROBLEMS OF PROVIDING FOOD FOR WORKMENT FROM DIFFERENT CULTURES WITH WIDELY VARYING FOOD HABITS AND TABOOS?

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(B) WFS APPEARS TO HAVE RULED OUT POSSIBILITY OF AIRLIFTING OF

SIGNIFICANT QUANTITIES OF FRESH OR SEMI-PROCESSED FOODS FROM NEARBY LOCATIONS LIKE LEBANON AND EAST AFRICA. ON OTHERHAND, REPORT CONCENTRATES, AS MAJOR JUSTIFICATION FOR ITS SERVICE, ON NEED FOR IMPORTATION OF INSTITUTIONAL PACKAGING. NEED FOR THESE IMPORTS IS GOOD ONE TO HIGHLIGHT BUT WE BELIEVE THAT PRESENT IMPORTERS ARE KEEN ENOUGH TO SPOT THIS IMPORT MARKET WHEN TIME IS RIPE.

(C) SEEMS TO US THAT REPORTS'S REVIEW OF PORT CONDITIONS IS NOT FULLY ON TARGET. IT IS NOT CERTAIN THAT BARGE SOLUTION PROPOSED ON PAGE 7 IS PRACTICAL SINCE MAJOR BOTTLENECK IN DAMMAM PORT IS NOT DISCHARGING BUT CLEARING GOODS THROUGH PORT. ALSO, WFS REPORT NEGLECTED TO NOTE THAT SHIPS RECEIVE IMMEDIATE BERTHING IF FROZEN FREIGHT MAKES UP MORE THAN 50 PERCENT OF CARGO MANIFESTED FOR DAMMAM. PERHAPS LARGER FROZEN FOOD COMPONENT IN WFS RAW MATERIAL SUPPLIES COULD MAKE FOR LOWER FREIGHT COSTS AND WOULD SPEEDUP CASH-FLOW OF ANY INSTITUTIONAL FOOD SERVICE OPERATION HERE.

(D) LABOR SUPPLY (AND WORKER HOUSING) APPEARS TO US NOT TO HAVE BEEN ADEQUATELY TREATED. LABOR MARKET HERE VERY COMPETITIVE AND TURNOVER COULD BE QUITE HIGH WHEN OCCUPANTS OF MORE MENIAL WFS POSITIONS FINE THEY CAN GET BETTER-PAYING JOBS WITH CONSTRUCTION COMAPNIES.

3. IN BRIEF TIME AVAIABLE TO US SINCE RECEIPT OF REPORT, WE HAVE NOT HAD TIME TO GO OVER TABLES AND COSTS GIVEN IN REPORT. ASSUME, SINCE WFS HAS ON-GOING OPERATION IN IRAN SIMILAR TO THAT PROPOSED FOR SAUDI ARABIA, THAT COMPANY HAS THE EXPERIENCE TO KNOW COSTING PROBLEMS IN MIDDLE EAST.
BUSHNELL

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